

NOTTINGHAM CITY HOMES

**FINANCE AND AUDIT
COMMITTEE
17 MAY 2010**

REPORT OF THE DIRECTOR OF FINANCE, ICT AND GOVERNANCE

REVISED STANDING ORDERS – TENDER AND CONTRACT PROCEDURE RULES

1 SUMMARY

- 1.1 Attached to this report are the Company's Standing Orders Part 3: Tender and Contract Procedure Rules (Appendix 1) which have been subjected to a re-examination in line with the Board's requirement for an annual review.

2 RECOMMENDATIONS

- 2.1 To recommend the Company's revised Standing Orders Part 3: Tender and Contract Procedure Rules to the Board for approval.

3 REPORT

- 3.1 The Tender and Contract Procedure Rules of the Company form part of Standing Orders and translate into practical guidance the Company's broad policies relating to financial, management and contractual control. The Tender and Contract Procedure Rules apply to every Board Member, Committee of the Board and staff member of the Company and, for the avoidance of doubt, Trustees, Directors, Officers and staff of any related party, Trust, Company or anyone acting on its behalf.
- 3.2 The Board approved the Tender and Contract Procedure Rules as part of the Company's Standing Orders, in May 2008. The revised Tender and Contract Procedure Rules have been updated primarily to:
- Include some additional controls;
 - Ensure they remain fit for purpose; and
 - Reflect recommendations made by the Company's Internal Auditors.
- 3.3 To facilitate review of the revised Tender and Contract Procedure Rules by Members, additions and substantial amendments to the regulations have been highlighted in blue text and proposed deletions in red text. Members should note the following key changes to the Rules in relation to when quotes and tenders are required:

REF	Previous Rule	Amended Rule
3.1.1	Expenditure estimated at less than £100. No <u>competitive</u> quotations are required.	Expenditure estimated at less than £500. No <u>competitive</u> quotations are required.
3.2.1	Estimated value of a contract is £30,000 or more a formal tendering process must be undertaken.	Estimated value of a contract is £10,000 or more a formal tendering process must be undertaken.

- 3.4 It will be necessary to consult with the City Council on changes to the Tender and Contract Procedure Rules to ensure that there is no divergence from the principles underlying their financial control systems. The Rules are also currently being reviewed by the Company's Executive Management Team (EMT)
- 3.5 Where consultation with EMT or discussions with the City Council result in substantive, as opposed to minor amendments proposed to the Tender and Contract Procedure Rules, these will be brought to Board Member's attention prior to approval.

4 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES

- 4.1 Effective financial and governance arrangements are essential to enable the Company to be able to work towards achieving its objectives.

5 RISK IMPLICATIONS

- 5.1 Operating without policies and procedures in relation to tenders, contract and purchasing arrangements that are fit for purpose exposes the Company to significant risks in a number of areas e.g. financial standing, accountability and reputation. Therefore the revision and adoption of the Tender and Contract Procedure Rules provides significant mitigation against such risks.

6 VALUE FOR MONEY & EFFICIENCY ISSUES

- 6.1 Robust financial and governance arrangements are a prerequisite for an efficient organisation. Authorisation, approval and other limits have been revised to improve efficiency whilst also ensuring that adequate controls, systems and procedures remain in place and VFM is secured through the Company's purchasing arrangements.

7 EQUALITY & DIVERSITY IMPLICATIONS

- 7.1 Effective policies and procedures will ensure that equality and diversity matters are supported by clear, transparent and unambiguous guidance for all staff, Members and partners as to their responsibilities when purchasing goods/services on behalf of the Company and/or entering into tender and subsequently contractual arrangements.

8 BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 8.1 Company's Standing Orders.
- 8.2 Draft Tender and Contract Procedure Rules – Appendix 1

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DATE: 10 May 2010

